

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

**COMPREHENSIVE STUDY OF AMERICAN CANYON
SERVICE REVIEW REPORT**

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Regular LAFCO Meeting
4:00PM, Thursday, Apr. 10, 2003
Board of Supervisors Chambers
1195 Third Avenue, 3rd Floor
Napa, CA

INTRODUCTION

On January 1, 2001, the Cortese-Knox-Hertzberg Local Government Reorganization Act became the governing law of LAFCOs. One change brought by this Act was the creation of a new LAFCO function, the service review. Government Code §56430 states that prior to any review or update of a sphere of influence, the Commission shall conduct a service review – a comprehensive evaluation of the ability of the agency to provide service within its existing jurisdiction and within its sphere. Government Code §56425(f) states that the Commission shall update all spheres every five years, meaning that the Commission must also conduct service reviews on a five year cycle. Each of the 58 LAFCOs may adopt their own approach to fulfilling the service review and sphere update requirements.

To fulfill these responsibilities, the Commission adopted a schedule for service reviews and sphere updates to begin in late 2001 and end in late 2005. In developing this schedule, LAFCO of Napa County determined that the complex assignment before it must be accomplished through a series of studies. Some of these studies are designed to conduct an analysis of one type of service across many agencies and/or areas in Napa County, while other studies focus on the breadth of services offered by one agency. Overlap is an inherent component of this approach – any given agency may be evaluated in the context of several studies. As a result, there is the possibility that reports later in the schedule will give rise to reconsideration of conclusions drawn in an earlier study. In addition, this approach means that LAFCO will not fully meet its statutory obligations until the completion of its adopted schedule. When the schedule is completed, the Commission will evaluate the need for future studies and develop a schedule for the 2006-2010 cycle.

This report is a component of the *Comprehensive Study of American Canyon*. In the LAFCO of Napa County study schedule, a comprehensive study of a single agency is an evaluation of that agency that combines a broad service review – a general overview of the operation of an agency – with a sphere of influence analysis and update, if warranted. This report presents the service review portion of the study. The sphere of influence review and proposed update will be presented to the Commission at a subsequent hearing. This is not the only study that will review the services offered by the City of American Canyon. LAFCO is currently conducting a study of water service throughout Napa County that includes American Canyon. The study schedule calls for a review of sanitation (sewer) service in the south county region. It also calls for a study of fire protection service, which is not offered by the City of American Canyon, but by its subsidiary district, the American Canyon Fire Protection District.

When conducting service reviews, the Commission is required by Government Code §56430 to make determinations concerning nine service issues:

- 1) Infrastructure needs or deficiencies.
- 2) Growth and population projections for the affected area.
- 3) Financing constraints and opportunities.

- 4) Cost avoidance opportunities.
- 5) Opportunities for rate restructuring.
- 6) Opportunities for shared facilities.
- 7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
- 8) Evaluation of management efficiencies.
- 9) Local accountability and governance.

The Commission may make other determinations if warranted. A determination is a statement of the Commission's understanding or interpretation of factors and evidence that it has reviewed. Determinations are the foundation for LAFCO actions. Determinations are offered throughout this report and then summarized at its conclusion. Numbers in parentheses follow many of the determinations. These numbers indicate which of the nine required determinations is being addressed.

Geographic Area of Service Review

The purpose of this service review is two-fold: (1) to provide an overview of the services provided by the City of American Canyon and (2) to inform a subsequent sphere of influence review of the City of American Canyon. Accordingly, the geographic region of this review is the jurisdiction of the City of American Canyon and the surrounding proximity depicted as the "Study Area" on Map #2. Some discussion of the City's entire water and sanitation service areas is necessary and included. These service areas, inherited by the City as successor agency to the former American Canyon County Water District, encompass much of southern Napa County.

BACKGROUND

American Canyon is a general law city incorporated in 1992. Located at the southern border of Napa County, the City is approximately 3.6 square miles. In close proximity are the Napa County Airport to the north, the Napa River to the west, and the City of Vallejo to the south. The City provides or contracts for a wide range of municipal services, and it is the water and sanitation service provider for much of the surrounding unincorporated territory.

Growth and Population Projections

LAFCO is required to consider growth and population projections for American Canyon in order to establish whether the City has the capacity to provide service within its current boundaries now and in the foreseeable future. There are a number of organizations that provide population projections, but none has as dramatic an influence on local policy as the projection figures issued by the local council of governments, the Association of Bay Area Governments (ABAG). In particular, state housing law incorporates the projections for populations done by ABAG into the process for developing a housing element – the portion of an agency’s general plan that addresses this fundamental community need. Consequently, ABAG population projections are used by all of the local agencies in Napa County.

ABAG Population Projections

(Source: ABAG Projections 2002)

	1990	2000	2005	2010	2015	2020	2025
AMERICAN CANYON	7,706	9,774	11,300	12,400	12,900	13,700	14,200
AMERICAN CANYON & SOI	7,779	9,784	11,500	12,900	13,400	14,500	15,100
NAPA COUNTY	110,765	124,279	132,800	140,700	147,700	157,500	164,400
AMERICAN CANYON AS % OF NAPA COUNTY	7.0%	7.9%	8.5%	8.8%	8.7%	8.7%	8.6%

The 2002 American Canyon Housing Element¹ compared data from ABAG Projections 1998 to data from the U.S. Census and a third-party analysis and found the population and housing projections to be fairly sound. Like the 2002 Housing Element, the American Canyon General Plan and the City’s various service plans are premised on projections from ABAG or from comparable sources.

Determination 1.1: The population projections issued by the Association of Bay Area Governments (ABAG) are satisfactory estimates of the current and future population of American Canyon. (2)

Determination 1.2: The City of American Canyon evaluates its service capacities using reasonably accurate projections and reliable data sources. (2)

¹ The 2002 Housing Element is not yet certified by State Housing and Community Development, but is available from the City Planning Department.

Service Categories

For the purpose of this review, services offered by American Canyon fall into one of four broad categories: general administration, public safety, planning and community development, and public works and community services. Under each category, appropriate determinations from those enumerated in Government Code §56430 are stated.

General Administration: Consists of the City Council, City Manager, City Clerk, City Attorney, and Finance Director. In addition to oversight of the operation of the City government, this group determines policies and establishes the City budget. General administration also encompasses the negotiating of franchise agreements for services such as waste management (garbage) and cable television. Service review factors considered for the general administration of the City are opportunities for rate restructuring (5), management efficiencies (8), and local accountability and governance (9).

Public Safety: Because fire protection responsibilities belong to the American Canyon Fire Protection District, the primary public safety function of the City government is police protection. American Canyon contracts with the Napa County Sheriff's Department for this service. This contract stipulates that the City may select a police chief from among the ranks of the Sheriff's Department. Service review factors considered for the public safety component of the City are financing constraints and opportunities (3), cost avoidance opportunities (4), the evaluation of management efficiencies (8), and local accountability and governance (9).

Planning and Community Development: Consists of the Planning Commission, Planning Department, and Building Department. Responsibilities range from current and future planning to code enforcement. Planning oversees and regulates the provisions of the General Plan. Code enforcement helps preserve the safety of the public from defective structures and situations. Service review factors considered for the public safety component of the City planning and community development component of the City government are the evaluation of management efficiencies (8) and local accountability and governance (9).

Public Works and Community Services: Consists of the Public Works Department and the Community Services Department, the two departments responsible for most facilities management in the City. Public Works provides several key functions, including water and wastewater (sanitation) service, as well as storm-drainage and other services. Community Services is responsible for parks and recreation. Service review factors considered for these departments are infrastructure needs or deficiencies (1), financing constraints and opportunities (3), cost avoidance opportunities (4), opportunities for rate restructuring (5), opportunities for shared facilities (6), and local accountability and governance (9).

GENERAL ADMINISTRATION

The primary goals of the administrative components of any city are to establish policy and to oversee the budget. Key administrative components of American Canyon are the City Council, City Manager, City Clerk, City Attorney, and Finance Director. Like all cities, American Canyon faces the challenge of continuity. Council members are elected and key administrators are appointed, meaning that changes in these positions can and do happen with some regularity. As a result, policy direction can and does shift.

The City of American Canyon operates under the council-manager form of government. The City Manager and ranking members of staff report regularly to the Council, and the budget process is an agency wide review culminating with a public hearing. American Canyon has been fortunate for the past few years to experience some stability in its administrative branch. During this period, some glaring needs in the City government and the community have been addressed. Through its staff, the City Council has facilitated the establishment of a branch library of the countywide library system, funded the development of a community center, and is now in the process of creating a more centralized and accessible City Hall and Council meeting chamber. These efforts have and will continue to increase the profile of the City government. Staff makes several efforts to reach-out to and inform the community, by such means as operating a website (<http://ci.american-canyon.ca.us>) and circulating several newsletters.

Determination 2.1: The administration of the City of American Canyon is organized in an efficient managerial system that holds staff appropriately accountable to the City Council and the Council accountable to the electorate. (8)

Determination 2.2: The administration of the City of American Canyon demonstrates a commitment to public outreach and communication. These efforts facilitate local accountability and the participation of the citizenry in local governance. (9)

The administrative branch does indirectly provide what many citizens regard as municipal services through the negotiation of franchise agreements. Franchise agreements are agreements between a government and a private company to offer a service within the government's jurisdiction. As part of the agreement, the government charges a franchise fee – a form of rent – to the company. This charge can impact rates for the end-user, the resident of the community. Ideally, a government will receive a satisfactory annual payment from the franchise agreement without forcing increases of the rates. Funds from these agreements go into the general fund and become available for a wide variety of services and programs.

The franchise agreement affecting the largest number of people is for solid waste management (garbage service). Napa Garbage Service provides solid waste management service to American Canyon as the American Canyon Disposal Service. American

Canyon recently completed negotiations with Napa Garbage Service that produced marked reductions in the cost of service.

Residential Garbage Service Rates in American Canyon

Old Rates		New Rates	
35 Gallon Toter	\$19.55	32 Gallon Toter	\$12.00
65 Gallon Toter	\$23.40	64 Gallon Toter	\$18.45
95 Gallon Toter	\$39.75	96 Gallon Toter	\$26.50

New rates are not yet effective. A 10-year franchise agreement is anticipated to go into effect as early as May 2003.

These substantial reductions demonstrate a commitment on the part of the administrative branch to pursue rate reductions for residents whenever possible. With respect to another prominent franchise, cable television, American Canyon residents are offered the standard AT&T Broadband rates for the region, indicating that the terms of the franchise agreement with American Canyon do not force AT&T to pass on additional costs to consumers.

Determination 2.3: For rates relating to franchise fees, the terms of the franchise agreements entered into by the City of American Canyon have produced fair and competitive rates. The City's administration has demonstrated a commitment to lowering rates when the opportunity presents itself. (5)

Determination 2.4: The general administration of the City of American Canyon is capable of offering appropriate levels of service to current and future populations, and capable of extending its service into newly annexed territory.

PUBLIC SAFETY

The primary elements of public safety offered by cities are fire and police protection. Cities are empowered to provide these services directly or through a contract with another agency. They can also choose not to provide one or both of these services if another agency can offer that service within its jurisdiction. American Canyon offers police protection to residents through a contract with the Napa County Sheriff's Department. American Canyon does not offer fire protection services. The American Canyon Fire Protection District (ACFPD), a subsidiary district of the City of American Canyon, offers these services.

When American Canyon incorporated in 1992, the formerly independent American Canyon Fire Protection District (ACFPD) became a subsidiary district dependent to the City. Under this arrangement, all administrative duties relating to fire protection are handled by ACFPD, which operates under its own budget and draws upon its own revenue sources. However, there is not a separately elected board of directors for this district. Instead, City Council members serve as the ACFPD Board of Directors. The subsidiary district arrangement keeps the day-to-day operations of the District and the City separate while offering uniform policy direction. Because fire protection is offered through ACFPD, it is not evaluated in this review. It will be reviewed as part of a future fire protection study.

Determination 3.1: The only local agency whose jurisdiction overlaps that of the City of American Canyon is the American Canyon Fire Protection District. The city does not directly exercise its authority to offer fire protection service, preferring instead to exercise it through the subsidiary district. An examination of the benefits and costs of this relationship is more appropriately left to a review of the district, and to south county fire protection in general, and is not contained in this service review. (7)

Contracting for municipal services is widely implemented by cities in California, particularly to provide police protection services. This arrangement lowers the investment for the city while allowing it to quickly obtain a desired level of police protection. Virtually every city incorporated in the 1980s and 1990s, including American Canyon, contracts for police protection from its county sheriff.

The early contracts between the City and the Sheriff's Department emphasized achieving a minimally acceptable standard of protection. More recent contracts have steadily increased the level of protection offered to residents. In the contract for Fiscal Year 2001-02 (Appendix A²), new terms were added to designate a specifically chosen Lieutenant in the Sheriff's Department as the American Canyon Chief of Police. Also added were provisions to involve the new chief in the selection of deputies to be assigned

² Appendix A was circulated with the Public Workshop report for this study. A copy of the appendix may be obtained by contacting LAFCO.

to serve American Canyon. In combination with a newly opened police station, the ties between the American Canyon police force and the community are expanding considerably. Future agreements may include community-based policing and other prevention programs.

Determination 3.2: The decision of the City of American Canyon to contract for police protection reflects recognition of the significant financial constraints posed by the formation of a police department. (3 & 4)

Determination 3.3: The annual budget for police protection service in the City of American Canyon is a product of consultation with the Sheriff's Department, and represents a balance between fiscal concerns and the expectation of a particular level of police protection. (3)

Determination 3.4: The contract between the City of American Canyon and the Sheriff's Department is adjustable, allowing the city to adapt to changing needs and new demands. (8)

Determination 3.5: The contract between the City of American Canyon and the Sheriff's Department is a component of the annual budget and subject to public review. (9)

Determination 3.6: The latest version of the contract between the City of American Canyon and the Sheriff's Department increases the ties between the police force and the community in a manner that improves familiarity and accountability. (9)

Determination 3.7: The design of police protection as a contract service affords the City of American Canyon a desirable amount of flexibility to address increased need. This contract can be amended to address any pressing needs presented by annexation or any other proposed change of organization.

PLANNING AND COMMUNITY DEVELOPMENT

Planning and community development includes current and future planning, redevelopment, the building department, and code enforcement. The decisions of the planning commission staff are guided by policy documents adopted by the City Council. The most significant of these documents is the General Plan. Key components of the General Plan include a land use element, a housing element, a development element and a circulation (traffic) element.³ The General Plan also addresses issues about the public services and facilities in the community, including parks and any cultural resources. The land use element of the General Plan discusses a number of properties that lie outside of both the City limits and the sphere of influence.

The American Canyon General Plan was adopted in 1994. General plans typically project trends and development over a 20-year span. When development occurs rapidly, as it has in American Canyon, cities often revise deficient elements of the general plan. Statewide directives also force cities to review and update portions of the general plan. For example, state guidelines require periodic revision of housing elements. The American Canyon City Council adopted a new housing element in 2002. The housing element was certified by the State Department of Housing and Community Development (HCD) by letter dated December 27, 2002 (Appendix D). It is required that housing elements contain designations and policies that allow for the development of housing to levels prescribed by the local council of governments. These levels are embodied in numbers referred to as the Regional Housing Needs Determinations (RHND). It is not required that a city force development to the highest density levels permitted by its housing element. Hence, it is not required that the ability to meet housing targets materialize as real housing units. (This may change in the near future.)

With respect to American Canyon, this distinction between what a housing element must say and what it must accomplish is significant because the City is essentially “mapped out.” Land use planners often refer to a land use authority as “built out” when there is no more land within the jurisdiction to develop. The term “mapped out” refers to an intermediary period between initial planning and build out when tentative maps and other approvals have been issued to all the land on which construction has not yet taken place. In the course of several interviews, the former American Canyon Planning Director characterized the City as mapped out. This means that while there are still vacant properties, the rights to develop those lands are vested with the landowners. As a result, the higher densities and infill opportunities suggested by the housing element will only materialize if landowners seek approval for higher density projects than have already been reviewed. This would probably require a remarkable shift in current housing markets and trends.

Determination 4.1: The City of American Canyon is mapped out.
Opportunities for infill development are limited or non-existent.

³ A general plan must contain each of the following elements in some form: land use, housing, circulation, conservation, open space, safety, and noise.

While the elements in the American Canyon General Plan remain viable for agencies to rely upon when reviewing projects and proposals for land use within the area, the rapid development of new housing and increase in population over the past few years demands some supplementing of the information evaluated eight years ago. Most notably, the circulation element is in need of revision. A revised circulation element with a traffic mitigation component will be particularly helpful to American Canyon as it evaluates industrial projects in the north part of the City. Of particular interest is whether a revised circulation element will include the extension of Flosden Road from American Canyon Road to Napa Junction Road. Although many planning documents, including the American Canyon General Plan, discuss this extension, all indications from the staffs of the County of Napa and American Canyon are that this extension faces a number of challenging obstacles before it can be built. There are no indications that the extension of Flosden Road more than 1,000 feet north of American Canyon Road is likely to occur before the next service review for the City. The American Canyon planning staff has indicated that an update of the circulation element will follow a revision of the countywide traffic model. The Napa County Transportation and Planning Agency is in the preliminary stages of updating this model. In the interim, American Canyon appears prepared to address circulation issues through very focused studies and analyses. For example, in 2002, a traffic study of the American Canyon Road corridor east of State Route 29 was received by the City Council.

Determination 4.2: The American Canyon General Plan was adopted in 1994. Since the adoption of the General Plan, significant growth has occurred. The City of American Canyon should review the General Plan and determine which elements require review and update as a result of this growth.

Determination 4.3: The American Canyon Circulation Element requires revising. A review of the element should occur shortly after an anticipated update of the countywide traffic model.

The land use element of the American Canyon General Plan includes unincorporated territory in proximity to the city limits. From LAFCO's perspective, this type of planning is highly desirable, as it indicates the maximum density that could occur should annexation take place. There is one area in the land use map (Map #1) that is designated "SS" for "special study area". For LAFCO, this is a challenging designation, because it does not clearly signal the type of development that might occur if this area were ever annexed. It would be helpful if the designation were changed.

Determination 4.4: The American Canyon Land Use Element includes unincorporated territory designated as a "special study area". With the City of American Canyon growing to its boundaries, the planning staff is encouraged to review this designation and determine if some other designation is appropriate.

Building inspection and code enforcement are additional functions of this component of the City government. In an area that has seen rapid expansion and housing development, these functions have been critical to preserving the integrity of structures throughout American Canyon. Planning and community development, the building department, and code enforcement all strive to make themselves accessible to the public. Planning updates are posted to the City website. (Appendix B offers a recent posting.⁴) The website also allows for online submission of building permit requests.

Determination 4.5: The planning and community development component of the city government demonstrates a concerted effort to inform the public of its activities. (9)

⁴ Appendix B was circulated with the Public Workshop report for this study. A copy of the appendix may be obtained by contacting LAFCO.

PUBLIC WORKS AND COMMUNITY SERVICES

Perhaps the most visible of the services provided by American Canyon are those offered by Public Works and by Community Services – water, sanitation, and parks and recreation.

Water Service

Upon incorporation, the City of American Canyon became the successor agency to the American Canyon County Water District (ACCWD), a provider of water and wastewater treatment (sanitation) services. The water and sanitation service areas inherited by American Canyon encompass significant amounts of unincorporated territory. Also passed to American Canyon from ACCWD were a number of contracts and agreements. With respect to potable water service, a key agreement is with the Napa County Flood Control and Water Conservation District (NCFCWCD) (Appendix C⁵). The agreement, which remains in effect until 2035, entitles American Canyon to State Water Project (SWP) allocations via the North Bay Aqueduct.

This contract is the lifeblood of American Canyon. Unlike the other municipalities in Napa County, American Canyon has no natural source of water, such as a surface reservoir, from which to draw upon in times of drought. To protect against shortages of SWP water, and to ensure a steady supply during periods of peak demand, American Canyon entered into an agreement with the City of Vallejo in 1996 (Appendix C⁵) that now serves to ensure that the water supply is secure in periods of peak demand. The agreement allows American Canyon to purchase up to 57.14 acre-feet of water per month, or 628.6 acre-feet per year. One amendment to the agreement exists; it addresses issues concerning the delivery of raw water (untreated potable water) for agricultural, landscaping, and/or golf course purposes. In addition, American Canyon has an informal agreement with the City of Napa to purchase treated water.

Through its agreement with Vallejo and the NCFCWCD, American Canyon has maintained a steady water supply for its customers. In 2001, American Canyon drew and treated 1,940 acre-feet from the North Bay Aqueduct. Beginning in 2000, American Canyon, along with the other agencies that have agreements with NCFCWCD, augmented its existing water entitlements through a water transfer agreement with the Kern County Water Agency (KCWA). Under the terms of this agreement, NCFCWCD has the right to purchase 4,025 acre-feet of SWP water from KCWA. Costs are proportionately shared by each of the County's five cities according to the amount of water each city is allocated. American Canyon's share of this allotment is 500 acre-feet. Overall, American Canyon's SWP entitlement (including Kern water) for 2002 is 4,400 acre-feet and will be gradually increased over the next decade until reaching its maximum allocation of 5,200 acre-feet by 2015. As a planning device, SWP entitlements should be viewed cautiously since it seems unlikely that the SWP would ever be capable of meeting all of its assigned allocations. Most notably, SWP entitlements are affected by capacity restrictions caused by the degradation of the Sacramento Bay Delta, which

⁵ Appendix C was circulated with the Public Workshop report for this study. A copy of the appendix may be obtained by contacting LAFCO.

serves as the lifeline for the conveyance of SWP water throughout California. In addition, entitlements are directly impacted by the preceding year's precipitation rate. Using storage and historical information, the Department of Water Resources (administrator of the SWP) notifies each SWP contractor of the percentage of its entitlement it should expect for the upcoming water year. In 2002, SWP allocations met 70% of the entitlements of most contractors. The American Canyon Water Treatment Plant, located in Jameson Canyon, has the ability to treat 2.6 million gallons of water per day. In addition, American Canyon's contract for potable water with Vallejo includes the provision of treatment of raw water. Treated water storage facilities include four reservoir tanks with a cumulative storage capacity of 4.704 million gallons.

Determination 5.1: The City of American Canyon relies solely on imported water to deliver potable water to its customers. American Canyon has been diligent in pursuing agreements that ensure a steady and safe supply of potable water for its current and future customers. (1)

With the recent completion and activation of its wastewater treatment plant, American Canyon is in a position to begin offering reclaimed water for agricultural, landscaping, and/or golf course purposes. This service will be of great benefit to all concerned. Rather than discharging all of its wastewater into the Napa River, American Canyon can offer reclaimed water to appropriate customers at a rate lower than the City's regular water rates. In turn, this reduces the consumption of raw water, relieving this draw upon the supply of potable water.

Determination 5.2: Anticipated reclaimed water generated at the American Canyon Wastewater Treatment Plant will offer customers who can use reclaimed water a suitable source at an acceptable rate, while reducing the draw upon the overall supply of potable water. Service reviews dealing with water delivery and the next service review for the City of American Canyon should more fully examine its facilities and capacity. (3 & 5)

Some customers informally expressed concerns to LAFCO staff about the ability of American Canyon to provide a safe and secure water supply. Most of these issues seem to relate to observations of difficulties with the connection of private infrastructure to the City's system. These complaints are a reminder that American Canyon staff must monitor troublesome infrastructure situations and inform residents of their causes and the solutions implemented by the City.

Determination 5.3: Through its contractual agreements, the City of American Canyon imports a supply of water adequate to serve the existing and developing south county region. There has not been a period of extended drought subsequent to the growth in the City; a significant measure of the capability of the American Canyon water system will be its performance under such drought

conditions. Any service review conducted subsequent to a drought should carefully evaluate this performance. (1)

Sanitation Service

As successor agency to the ACCWD, American Canyon became the sanitation provider for much of south Napa County. At the time of incorporation, ACCWD operated a sewer system that moved wastewater from throughout the south county to the Napa Sanitation District (NSD) treatment facility north of the Napa County Airport. The City Council determined that it wanted to separate its system from that of the NSD, so in 1994 it sought and obtained a dissolution agreement to a joint powers arrangement it had inherited from ACCWD. Dissolution offered American Canyon the ability to set its own priorities for wastewater treatment in the south county and to establish its own capital improvement plan and budget. Dissolution provided that American Canyon could continue to send wastewater to NSD for three years while a wastewater treatment plant was built. This portion of the dissolution agreement was extended from time to time until American Canyon was able to bring its new wastewater treatment facility online in 2002. The NSD benefited from the dissolution as it provided relief to the strain placed on its system from treating American Canyon wastewater during the extended period of the agreement. An important aspect of the dissolution agreement is a delimitation of a boundary between the service territories of the agencies. This boundary is Fagan Creek. North of Fagan Creek is served by NSD, and south of the Creek is served by American Canyon. The one significant customer whose property is bisected by Fagan Creek, the Chardonnay Golf Club, is a customer of the NSD.

In 1996, a study commissioned by American Canyon examined wastewater flow and treatment needs at the City's projected build-out. The study projected total wastewater flow at build-out would be 2.21 million gallons-per-day. (At that time, wastewater flow was estimated to be about one-third that amount.) Twenty-two capital improvement projects were identified to improve the system to meet this demand. Foremost on the list, representing more than half of the total cost, was the construction of a new wastewater treatment plant. This planning came to fruition in 2002, when the plant began serving the south county area. The capacity of the plant is 2.57 million gallons per day. With this new plant, American Canyon should have treatment capacity for current and new development throughout the south county.

Determination 5.4: The City of American Canyon determined that its arrangement to share facilities with the Napa Sanitation District would not meet its long-term needs and goals. Bifurcation of the two wastewater treatment systems has made it considerably easier for the Napa Sanitation District to meet the treatment needs of its customers. (6)

Determination 5.5: The City of American Canyon's new wastewater treatment plant holds the promise of expanded capacity that will serve the current and future needs of south Napa County. However, because the plant was only recently brought online, a

review of its performance is unavailable. Service reviews dealing with wastewater treatment and the next service review for the City of American Canyon should more fully examine American its wastewater treatment facilities and capacity.

Other Services of Public Works

Public Works is responsible for facility maintenance throughout American Canyon. Among the most critical of the facilities maintained by Public Works are storm drains and roads. Provisions of the Flood Hazards Element of the General Plan guide storm drain installation and maintenance. As this element notes, a fair portion of the new development on the west side of American Canyon is within the 100-year flood area. The hazard is compounded by new development on the hills on the east side of the City; this new development brings increased potential for run-off. The success or failure of the storm drainage plan and its mitigation measures will be evident when the area next experiences significant rainfall.

Road maintenance scheduling is guided by a combination of planning documents and prioritizing by Public Works and the City Council. Notable is that American Canyon maintains all of the right-of-way for Green Island Road along the City boundaries. The entire north side of Green Island Road is unincorporated and benefits from this maintenance.

Community Services

A priority for the City government following incorporation was an increase in the number of community facilities in American Canyon. A prominent result of subsequent efforts to meet this goal is the American Canyon Joint Use Community/Aquatic Center, a collaboration of American Canyon with the Napa Valley Unified School District. The center opened in 1998 and is shared by American Canyon and the American Canyon Middle School.

Determination 5.6: The American Canyon Joint Use Community/Aquatic Center, a collaboration of the City of American Canyon and the Napa Valley Unified School District, is an example of the benefits of shared costs and resources. (4 & 6)

Community Services also maintains a growing City park system and is involved in plans to develop hiking trails in the eastern hills of the City and walkways along the wetlands on the City's western edge. When planning new facilities, such as the proposed "Veterans Memorial Park of American Canyon," Community Services attempts to solicit public input through such means as holding public workshops.

Determination 5.7: When determining the location and form of new community resources, such as parks, the City of American Canyon demonstrates a commitment to public input. (9)

OTHER AGENCIES

The only agencies operating within the geographic region of this study are the City of American Canyon, the American Canyon Fire Protection District, and County Service Area (CSA) #4. CSA#4 provides a mechanism whereby the Board of Supervisors can transfer funds from a special assessment of vineyard property to the Napa Valley Housing Authority for the purposes of funding farmworker housing.

Two agencies operate in close proximity to the geographic region of this study. The boundary demarking the sanitation service areas of American Canyon and the Napa Sanitation District is Fagan Creek, which does enter into the study area and is depicted on Map #3. The other agency operating near the study area region is CSA#3, which offers landscaping and lighting services to the industrial park surrounding the Napa County Airport. CSA#3 is depicted on Map #4. Staff did not determine there to be a need to discuss CSA#3 in the context of this report, but notes that a planned study of CSA#3 may address the current and future relationship of the City of American Canyon to this district and the airport area.

DETERMINATIONS

Determination 1.1: The population projections issued by the Association of Bay Area Governments (ABAG) are satisfactory estimates of the current and future population of American Canyon. (2)

Determination 1.2: The City of American Canyon evaluates its service capacities using reasonably accurate projections and reliable data sources. (2)

Determination 2.1: The administration of the City of American Canyon is organized in an efficient managerial system that holds staff appropriately accountable to the City Council and the Council accountable to the electorate. (8)

Determination 2.2: The administration of the City of American Canyon demonstrates a commitment to public outreach and communication. These efforts facilitate local accountability and the participation of the citizenry in local governance. (9)

Determination 2.3: For rates relating to franchise fees, the terms of the franchise agreements entered into by the City of American Canyon have produced fair and competitive rates. The City's administration has demonstrated a commitment to lowering rates when the opportunity presents itself. (5)

Determination 2.4: The general administration of the City of American Canyon is capable of offering appropriate levels of service to current and future populations, and capable of extending its service into newly annexed territory.

Determination 3.1: The only local agency whose jurisdiction overlaps that of the City of American Canyon is the American Canyon Fire Protection District. The city does not directly exercise its authority to offer fire protection service, preferring instead to exercise it through the subsidiary district. An examination of the benefits and costs of this relationship is more appropriately left to a review of the district, and to south county fire protection in general, and is not contained in this service review. (7)

Determination 3.2: The decision of the City of American Canyon to contract for police protection reflects recognition of the significant financial constraints posed by the formation of a police department. (3 & 4)

Determination 3.3: The annual budget for police protection service in the City of American Canyon is a product of consultation with the Sheriff's Department, and represents a balance between fiscal concerns and the expectation of a particular level of police protection. (3)

Determination 3.4: The contract between the City of American Canyon and the Sheriff's Department is adjustable, allowing the city to adapt to changing needs and new demands. (8)

Determination 3.5: The contract between the City of American Canyon and the Sheriff's Department is a component of the annual budget and subject to public review. (9)

Determination 3.6: The latest version of the contract between the City of American Canyon and the Sheriff's Department increases the ties between the police force and the community in a manner that improves familiarity and accountability. (9)

Determination 3.7: The design of police protection as a contract service affords the City of American Canyon a desirable amount of flexibility to address increased need. This contract can be amended to address any pressing needs presented by annexation or any other proposed change of organization.

Determination 4.1: The City of American Canyon is mapped out. Opportunities for infill development are limited or non-existent.

Determination 4.2: The American Canyon General Plan was adopted in 1994. Since the adoption of the General Plan, significant growth has occurred. The City of American Canyon should review the General Plan and determine which elements require review and update as a result of this growth.

Determination 4.3: The American Canyon Circulation Element requires revising. A review of the element should occur shortly after an anticipated update of the countywide traffic model.

Determination 4.4: The American Canyon Land Use Element includes unincorporated territory designated as a "special study area". With the City of American Canyon growing to its boundaries, the planning staff is encouraged to review this designation and determine if some other designation is appropriate.

Determination 4.5: The planning and community development component of the city government demonstrates a concerted effort to inform the public of its activities. (9)

Determination 5.1: The City of American Canyon relies on imported water to deliver potable water to its customers. American Canyon has been diligent in pursuing agreements that ensure a steady and safe supply of potable water for its current and future customers. (1)

Determination 5.2: Anticipated reclaimed water generated at the American Canyon Wastewater Treatment Plant will offer customers who can use reclaimed water a suitable source at an acceptable rate, while reducing the draw upon the overall supply of potable water. Service reviews dealing with water delivery and the next service review for the City of American Canyon should more fully examine its facilities and capacity. (3 & 5)

Determination 5.3: Through its contractual agreements, the City of American Canyon imports a supply of water adequate to serve the existing and developing south county region. There has not been a period of extended drought subsequent to the growth in the City; a significant measure of the capability of the American Canyon water system will be its performance under such drought conditions. Any service review conducted subsequent to a drought should carefully evaluate this performance. (1)

Determination 5.4: The City of American Canyon determined that its arrangement to share facilities with the Napa Sanitation District would not meet its long-term needs and goals. Bifurcation of the two wastewater treatment systems has made it considerably easier for the Napa Sanitation District to meet the treatment needs of its customers. (6)

Determination 5.5: The City of American Canyon's new wastewater treatment plant holds the promise of expanded capacity that will serve the current and future needs of south Napa County. However, because the plant was only recently brought online, a review of its performance is unavailable. Service reviews dealing with wastewater treatment and the next service review for the City of American Canyon should more fully examine American its wastewater treatment facilities and capacity.

Determination 5.6: The American Canyon Joint Use Community/Aquatic Center, a collaboration of the City of American Canyon and the

Napa Valley Unified School District, is an example of the benefits of shared costs and resources. (4 & 6)

Determination 5.7: When determining the location and form of new community resources, such as parks, the City of American Canyon demonstrates a commitment to public input. (9)

ACTION REQUIRED OF THE COMMISSION

The Commission is required by Government Code §56430 to make a written statement of determinations with respect to the nine categories enumerated in the code section. **It is recommended that the Commission adopt the form of the attached resolution making determinations.**

SOURCES

Agency Contacts:

City Manager's Office

Planning Department

Public Works Department

Finance Department

Documents/Materials:

City of American Canyon General Plan, adopted November 3, 1994

City of American Canyon "Highway 29 Corridor Economic Development Plan" (City Manager's Office), December 2002

City of American Canyon "Traffic Analysis East of State Route 29" (Kove Engineering), December 20, 2002

City of American Canyon, Re: Response, "LAFCO Questionnaire," March 28, 2003

City of American Canyon (HydroScience Engineers, Inc.) "Draft Water System Master Plan," February 2003

City of American Canyon, Re: Memorandum, "Management of Raw Water Sources," January 16, 2002

City of American Canyon, Re: Written Correspondence, "Proposed Jaeger Annexation," March 10, 1999

City of American Canyon (Dames & Moore), "Wastewater Treatment and Reclamation Project," November 1997

LAFCO of Napa County (Wagstaff and Brady), "Napa County Airport Industrial Area Sphere of Influence Baseline Report: Napa Sanitation District, American Canyon County Water District," February 1988

California Department of Water Resources, "American Canyon Water Distribution Project: Findings on the Application of American Canyon County Water District For a Loan Under the Davis-Grunsky Act," November 1973

American Canyon County Water District, Re: Letter, "History of the American Canyon County Water District," October 1966

Ordinances/Resolutions:

City of Napa, Re: 10-year Extension for Water Supply Agreement Between City of Napa and American Canyon County Water District, "Resolution No. 87-74," March 16, 1987

Water Supply Agreements:

Agreement: "Agreement Between the City of American Canyon and the City of Calistoga For Transfer of Water Entitlement," June 4, 1998

Agreement: "Addendum No. 1 to the Water Service Agreement Between the City of Vallejo and the City of American Canyon," July 18, 1996

Agreement: "Joint Exercise of Powers Agreement: Napa-American Canyon Wastewater Authority," September 30, 1975

Agreement: "Water Service Agreement Between City of Vallejo and City of American Canyon," May 1, 1996

Agreement: "Contract for Water Supply Between the City of Napa and American Canyon County Water District," July 17, 1967

Agreement: "Contract For Water Supply From North Bay Aqueduct Between Napa County Flood Control and Water Conservation District and American Canyon County Water District," November 15, 1966

World Wide Web:

City of Vallejo: City Departments; Public Works, "Water Quality 2001," <http://www.ci.vallejo.ca.us/GovSite/default.asp?serviceID1=205> (February 26, 2003)

City of American Canyon: Public Works; Water Quality Report, "2001 Water Quality Report," <http://www.ci.american-canyon.ca.us/miscdocs/WaterQualityReport2001.pdf> (February 20, 2003)

RESOLUTION NO. _____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE STUDY OF AMERICAN CANYON
SERVICE REVIEW**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer established a geographic region for a service review of the City of American Canyon; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Study of American Canyon”, including the service review of the City of American Canyon, on January 9, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on January 9, 2003 and at a meeting of the Commission on April 10, 2003; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 10th day of April 2003, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A

COMPREHENSIVE STUDY OF AMERICAN CANYON SERVICE REVIEW

STATEMENT OF DETERMINATIONS

1. The Commission makes the following general determinations:
 - The general administration of the City of American Canyon is capable of offering appropriate levels of service to current and future populations, and capable of extending its service into newly annexed territory.
 - The design of police protection as a contract service affords the City of American Canyon a desirable amount of flexibility to address increased need. This contract can be amended to address any pressing needs presented by annexation or any other proposed change of organization.
 - The City of American Canyon is mapped out. Opportunities for infill development are limited or non-existent.
 - The American Canyon General Plan was adopted in 1994. Since the adoption of the General Plan, significant growth has occurred. The City of American Canyon should review the General Plan and determine which elements require review and update as a result of this growth.
 - The American Canyon Circulation Element requires revising. A review of the element should occur shortly after an anticipated update of the countywide traffic model.
 - The American Canyon Land Use Element includes unincorporated territory designated as a “special study area”. With the City of American Canyon growing to its boundaries, the planning staff is encouraged to review this designation and determine if some other designation is appropriate.
 - The City of American Canyon’s new wastewater treatment plant holds the promise of expanded capacity that will serve the current and future needs of south Napa County. However, because the plant was only recently brought online, a review of its performance is unavailable. Service reviews dealing with wastewater treatment and the next service review for the City of American Canyon should more fully examine American its wastewater treatment facilities and capacity.

2. The Commission makes the following determinations with respect to infrastructure needs or deficiencies [Government Code §56430(a)(1)]:
 - Through its contractual agreements, American Canyon imports a supply of water adequate to serve the existing and developing south county region. There has not been a period of extended drought subsequent to the growth in American Canyon; a significant measure of the American Canyon water system will be its performance under such drought conditions. Any service review conducted subsequent to a drought should carefully evaluate this performance.
 - The City of American Canyon relies on imported water to deliver potable water to its customers. American Canyon has been diligent in pursuing agreements that ensure a steady and safe supply of potable water for its current and future customers.
 - Through its contractual agreements, American Canyon imports a supply of water adequate to serve the existing and developing south county region. There has not been a period of extended drought subsequent to the growth in American Canyon; a significant measure of the American Canyon water system will be its performance under such drought conditions. Any service review conducted subsequent to a drought should carefully evaluate this performance.
3. The Commission makes the following determinations with respect to growth and population projections for the affected area [Government Code §56430(a)(2)]:
 - The population projections issued by the Association of Bay Area Governments (ABAG) are satisfactory estimates of the current and future population of American Canyon.
 - The City of American Canyon evaluates its service capacities using reasonably accurate projections and reliable data sources.
4. The Commission makes the following determinations with respect to financing constraints and opportunities [Government Code §56430(a)(3)]:
 - The decision of the City of American Canyon to contract for police protection reflects recognition of the significant financial constraints posed by the formation of a police department.
 - The annual budget for police protection service in the City of American Canyon is a product of consultation with the Sheriff's Department, and represents a balance between fiscal concerns and the expectation of a particular level of police protection.

- Anticipated reclaimed water generated at the American Canyon Wastewater Treatment Plant will offer customers who can use reclaimed water a suitable source at an acceptable rate, while reducing the draw upon the overall supply of potable water. Service reviews dealing with water delivery and the next service review for the City of American Canyon should more fully examine its facilities and capacity.
5. The Commission makes the following determinations with respect to cost avoidance opportunities [Government Code §56430(a)(4)]:
- The decision of the City of American Canyon to contract for police protection reflects recognition of the significant financial constraints posed by the formation of a police department.
 - The American Canyon Joint Use Community/Aquatic Center, a collaboration of the City of American Canyon and the Napa Valley Unified School District, is an example of the benefits of shared costs and resources.
6. The Commission makes the following determinations with respect to opportunities for rate restructuring [Government Code §56430(a)(5)]:
- For rates relating to franchise fees, the terms of the franchise agreements entered into by the City of American Canyon have produced fair and competitive rates. The City's administration has demonstrated a commitment to lowering rates when the opportunity presents itself.
 - Anticipated reclaimed water generated at the American Canyon Wastewater Treatment Plant will offer customers who can use reclaimed water a suitable source at an acceptable rate, while reducing the draw upon the overall supply of potable water. Service reviews dealing with water delivery and the next service review for American Canyon should more fully examine American Canyon's facilities and capacity.
7. The Commission makes the following determinations with respect to opportunities for shared facilities [Government Code §56430(a)(6)]:
- The City of American Canyon determined that its arrangement to share facilities with the Napa Sanitation District would not meet its long-term needs and goals. Bifurcation of the two wastewater treatment systems has made it considerably easier for the Napa Sanitation District to meet the treatment needs of its customers.

- The American Canyon Joint Use Community/Aquatic Center, a collaboration of the City of American Canyon and the Napa Valley Unified School District, is an example of the benefits of shared costs and resources.

8. The Commission makes the following determination with respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a)(7)]:

- The only local agency whose jurisdiction overlaps that of the City of American Canyon is the American Canyon Fire Protection District. The city does not directly exercise its authority to offer fire protection service, preferring instead to exercise it through the subsidiary district. An examination of the benefits and costs of this relationship is more appropriately left to a review of the district, and to south county fire protection in general, and is not contained in this service review.

9. The Commission makes the following determinations with respect to evaluation of management efficiencies [Government Code §56430(a)(8)]:

- The administration of the City of American Canyon is organized in an efficient managerial system that holds staff appropriately accountable to the City Council and the Council accountable to the electorate.
- The contract between the City of American Canyon and the Sheriff's Department is adjustable, allowing the city to adapt to changing needs and new demands. (8)

10. The Commission makes the following determinations with respect to local accountability and governance [Government Code §56430(a)(9)]:

- The administration of the City of American Canyon demonstrates a commitment to public outreach and communication. These efforts facilitate local accountability and the participation of the citizenry in local governance.
- The contract between the City of American Canyon and the Sheriff's Department is a component of the annual budget and subject to public review. (9)
- The latest version of the contract between the City of American Canyon and the Sheriff's Department increases the ties between the police force and the community in a manner that improves familiarity and accountability.
- The planning and community development component of the city government demonstrates a concerted effort to inform the public of its activities.

Exhibit A

- When determining the location and form of new community resources, such as parks, American Canyon demonstrates a commitment to public input.

APPENDICES A, B, and C

The following appendices were published with the Public Workshop Report and are available upon request.

Appendix A: FY01-02 Contract between City of American Canyon and
Napa County Sheriff's Department

Appendix B: Planning update from City of American Canyon website

Appendix C: Contracts

COMPREHENSIVE STUDY OF AMERICAN CANYON

APPENDIX D

CORRESPONDENCE AND STAFF RESPONSE



COMPREHENSIVE STUDY OF AMERICAN CANYON

Following the Public Workshop on the *Comprehensive Study of American Canyon*, LAFCO received several written comments. Only one dealt specifically with the service review component; it is included in this appendix. All other correspondence dealt with the sphere of influence review and will be included in an appendix to that component of this study.

William D. Ross
Robert D. Pontelle
Scott E. Porter

Lisabeth D. Rothman
Diane C. De Felice
Of Counsel

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File Nos: 199/3; 199/6

January 9, 2003

The Honorable Harry Martin, Chair
and Members of the Local Agency Formation Commission of Napa County
1195 Third Street, Room 305
Napa, California 94559

Re: Commission Agenda Item No. 8; Comprehensive Study Of The
City Of American Canyon (Workshop)

Dear Chair Martin and Members of the Commission:

This communication summarizes oral remarks which will be made at your meeting of this date concerning the Commission workshop on the Staff Comprehensive Study of the City of American Canyon (the "Study") on behalf of the City of American Canyon ("City") and the American Canyon Fire Protection District, a subsidiary special district of the City (the "District").

The City and the District, reserve the right to comment further on the staff presentation before your Commission.

The Study is described as being accomplished under the provisions of Government Code section 56430 for the City. Government Code section 56430 was added to the Cortese-Knox Local Government Reorganization Act of 1985 by Chapter 761 Stats. 2000, a comprehensive revision to the Local Agency Formation Commission ("LAFCO") enabling statutes, Government Code Section 56000 *et seq.* The report accomplished by the Commission on Local Government for the 21st Century entitled "Growth Within Bounds" is designated as the statement of legislative intent for Chapter 761.

In "Growth Within Bounds," the subject of a service review was derived from Commission Recommendation 6-7 which provides as follows:

"The Commission recommends that LAFCOs be required to periodically initiate service review of services provided within the counties. The service review is defined as an independent county-wide or sub regional, as appropriate to the service, review by LAFCO of public services offered by the various local governments. The review should be done in conjunction with any update of spheres of

influence. The service review should not replace designations and updates of spheres of influence, but should be conducted in the establishment or amendment of any spheres. It is the intent of the Commission that this function be considered a state mandate because of the benefits of achieving a logical extension of local services to meet California's future growth and development."

Accordingly on a general basis the City and District believe that the Study should clearly indicate the exact region of the County involved with inclusion of all logically adjacent and accessible parcels¹ and the local agencies which can or have claimed to be able to provide service to the areas involved.

Also, the City believes that the Study should be accomplished in conjunction with the subsidiary Special District of the City as there is an integrated form of government (service provider) with respect to the subsidiary Special District, as the City Council sits *ex officio* as the Board of Directors of the District.

Further, decisions on development within the current District boundaries and in areas adjacent to the current District boundaries by the County must obtain clearance for the fire and life safety services authorized by the District. Accordingly, an integrated Study analysis of both the City and District would be the most comprehensive methodology for evaluation of public safety services.

Certain assumptions or analogies within the Study need further expansion as to their factual applicability or accuracy.

2 For example on page 8 the reference to the City of Lakewood plan for contracting for municipal services is specifically not the mode that has been utilized in Los Angeles or other urbanized counties for the provision of fire and life safety services. In Los Angeles County the majority provider for fire and life safety services is a separate special district, the Consolidate Fire Protection District of Los Angeles County which includes among other cities, the City of Lakewood. The same approach is utilized in other counties, for example Ventura, Santa Clara, and Contra Costa, among others.

Again, both the City and the District believe that this is an issue that should be dealt with exactly in the Study as areas that are either currently within the District or adjacent to the District that are still subject to land use control by the County. Therefore, the Study should include an analysis of how the County through its contract with the California Division of Forestry might or could be able to provide fire and life services to the area, if in fact that is the position of the County.

¹ For example, the area recommended for inclusion should in all respects parallel the area served by the City's water and sewer systems.

3 | The Housing and Community Development analysis on page 10 should be revised to reflect the fact that the State Department of Housing and Community Development certified the revised Housing Element of the City by letter dated December 27, 2002, a copy of which is enclosed.

With respect to the portion of the Study dealing with water service on page 12 the City believes it is important to acknowledge the current issue associated with the Imperial and Coachella Irrigation Districts in Southern California which could have an effect on water supplies through the North Bay Aqueduct because of its linkage with the State Water Project and the potential for the Metropolitan Water District of Southern California making a demand on that water supply system as opposed to the Colorado River. Additionally, any discussion of water supply should also discuss the continuing effect of the *Pacific Conservation League* litigation and its relationship to the Monterey Agreements and the whole process statewide of water-wheeling. 4

5 | With respect to the discussion on the waste water treatment plant that should be integrated specifically with the City's request for annexation of that property to the City, a mandatory change of organization once the application is completed before your Commission.

Study Determination 5.3 needs to be revised as the last sentence is not factually accurate – it is unclear that there is evidence to support the contention that the City's reserves would be "severely taxed." 6

The City and District would also emphasize the present assumptions on municipal finances in the Study may not be valid in the immediate future based on the State's response to the current and ongoing State deficit.

7 | The City would emphasize that consistent with the legislative intent of Government Code section 56430 that the Municipal Service Review is not a condition precedent to any application for change of organization initiated by either the City or the District which otherwise complies with applicable law, including without limitation the annexation of the City waste water treatment plant to the City.

Thank you for your review and consideration of the matters set forth in this communication.

Please ensure that adequate notice of the Commission's consideration of the Study for adoption is given.

Very truly yours,



William D. Ross

WDR:blp

The Honorable Henry Martin, Chair
January 9, 2003
Page 4

Enclosure

cc: The Honorable Donald Colcleaser, Mayor
and Members of the City Counsel

Mr. Mark Joseph, City Manager

Mr. Keith Caldwell, District Chief

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Division of Housing Policy Development

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
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December 27, 2002

Ms. Nancy Johnson and Mr. Ed Haworth
Interim Directors
Planning Department
City of American Canyon
2185 Elliott Drive
American Canyon, California 94589-1331

Dear Ms. Johnson and Mr. Haworth:

RE: Review of the City of American Canyon's Revised Draft Housing Element

Thank you for submitting revisions to American Canyon's draft housing element received for our review on October 28, 2002 along with a facsimile transmission, received December 23, 2002. As you know, the Department of Housing and Community Development (Department) is required to review draft housing elements and report our findings to the locality pursuant to Government Code Section 65585(b). Our review was facilitated by a meeting in American Canyon on September 16, 2002 and by subsequent e-mails and telephone conversations.

The revisions to the draft element substantially address the statutory requirements described in our August 30, 2002 review. These revisions, for example, reassess the realistic development potential of sites within the current planning period and include a stronger commitment from the City to promote density bonuses and provide regulatory and financial incentives. As a result, we are pleased to find the City of American Canyon's draft housing element meets the requirements of State housing element law (Article 10.6 of the Government Code). The revised element will be in full compliance with the law when it is adopted and submitted to this Department, pursuant to Government Code Section 65585(h).

The Department's finding of compliance is conditioned on the provision of adequate sites to accommodate the City's regional housing need, especially for low- and moderate-income households, in the Community Commercial, Neighborhood Commercial, and Residential Medium Density zoning districts and Specific Plan areas, within the current planning period (pages A-47-58). In particular, the City plans to facilitate affordable multifamily residential and mixed-use development at a minimum of 16 dwelling units per acre. The City has also committed to facilitating development of at least 140 affordable units in the Southeast Area Specific Plan (pages A-54 and A-55). Incentives described (pages A-42 and A-43) are critical to addressing American Canyon's share of the regional housing need for low- and moderate-income households. Should housing programs, policies and incentives not be implemented as specified, or if development is not proceeding as projected to allow accommodation of American Canyon's regional housing need within the planning period, the element must be promptly amended to identify additional sites with appropriate zoning or alternative site and land-use strategies.

Ms. Nancy Johnson and Mr. Ed Haworth

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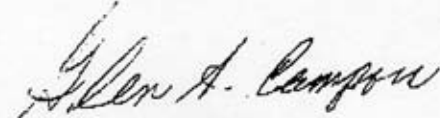
The City should utilize the annual general plan progress report required pursuant to Government Code Section 65400 to monitor and report on its progress in implementing identified programs. These reports are required to be completed and submitted to the Department by October 1 of each year. Failure to submit forthcoming annual reports by the due dates, with the necessary evaluation and information, will trigger a review by the Department of the implementation status of identified programs, actions, and incentives.

We appreciate the City's diligence in crafting a housing element that substantially complies with State law and that establishes land-use standards and incentives to promote mixed-use and affordable multifamily housing development. If we can assist the City in its implementation efforts, please contact Margaret Murphy, of our staff, at (916) 445-5888.

We are also pleased to report, as a result of the approval of Proposition 46, a historic increase in funds available through the Department to assist the City in addressing housing and community development needs. Information on these programs, including Notices of Funding Availability (NOFA), will be posted on the Department's website. For program information and funding availability, please consult our homepage at www.hcd.ca.gov.

In accordance with their requests pursuant to the Public Records Act, we are forwarding a copy of this letter to the individuals listed below.

Sincerely,



for Cathy E. Creswell
Deputy Director

Enclosure

cc: Jeff Goldman, Cotton Bridges and Associates, Inc.
Jennifer Adge, Parsons Harland Bartholomew & Associates, Inc
Mark Stivers, Senate Committee on Housing & Community Development
Suzanne Ambrose, Supervising Deputy Attorney General, AG's Office
Terry Roberts, Governor's Office of Planning and Research
Kimberley Dellinger, California Building Industry Association
Marcia Salkin, California Association of Realtors
Marc Brown, California Rural Legal Assistance Foundation
Rob Weiner, California Coalition for Rural Housing
John Douglas, AICP, Civic Solutions
Deanna Kitamura, Western Center on Law and Poverty
S. Lynn Martinez, Western Center on Law and Poverty
Alexander Abbe, Law Firm of Richards, Watson & Gershon
Ruben Duran, Law Firm of Neufeld, Jaffe & Levin

Ms. Nancy Johnson and Mr. Ed Haworth

Page 3

Ilene J. Jacobs, California Rural Legal Assistance, Inc.
Keith Wagner, Law Office of J. William Yeates
David Booher, California Housing Council
Sue Hestor, Attorney at Law
Paul Campos, Home Builders Assoc. of Northern California
Shannon Dodge, Non-Profit Housing Association of Northern California
Eve Bach, Arc Ecology
William Litt, Bay Area Legal Aid
Allison Brooks, Livable Communities Initiative
Charlie Carson, Home Builders Association - Northern Division

RESPONSE TO COMMENTS IN THE JANUARY 9, 2003 LETTER FROM WILLIAM D. ROSS, CITY ATTORNEY, CITY OF AMERICAN CANYON

1. LAFCO of Napa County conducted a public workshop on July 23, 2001 to discuss its new responsibilities under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The main topic of this discussion was the service review requirement. At public hearings conducted at meetings on August 9, 2001 and October 11, 2001, the Commission developed and approved a schedule for a series of studies to be conducted from 2001 through 2005. The design and approach of the study schedule to fulfilling the service review and sphere of influence update requirements is discussed on the first page of this report. (The March 10, 2003 update of the schedule is attached.) Evaluating the relationship of the American Canyon Fire Protection District (ACFPD), the City of American Canyon, and the County of Napa are more appropriately left for the *South County Fire Study* slated to begin in January 2004.

2. The discussion in the Public Workshop Report about the City of Lakewood and other agencies that contract for service was unnecessary and is not present in this report.

3. The certification of the American Canyon Housing Element is noted in this report.

4. The overriding issue identified pertains to a 2000 mandate by the United States Department of the Interior (DOI), which administers the allocation of water for the Colorado River. The DOI required that California begin making progress in curbing the state's common practice of exceeding its legal entitlement of water drawn from the Colorado River by December 31, 2002. In the past, California had consistently exceeded its entitlement by utilizing quantities left unused by other states with water rights to the Colorado, including Arizona and New Mexico. The continued growth of the southwest, however, has all but eliminated the availability of unused water. With 3.1 of California's approximately 4.4 million acre-feet of Colorado entitlement allocated to farmers in the Imperial Valley, the DOI concluded that a key factor in the state's overuse was attributed to the disproportionate amount of water allocated to farmers in the Imperial Valley as compared to urban users in Los Angeles and San Diego. To this end, the DOI required that the Imperial Irrigation District reach an agreement to transfer 200 acre-feet of entitlement to the San Diego County Water Authority by December 31, 2002. However, due to objections raised by two other participants in the negotiations, the Metropolitan Water District of Southern California (MWD) and the Coachella Valley Water District, an agreement was not reached. As a result, the DOI, as promised, issued reductions in entitlement to all four agencies, including a 50% reduction of Colorado River entitlement to the MWD.

It is plausible that MWD may make a demand for an increase in its SWP entitlement in order to supplement the water lost due to DOI reductions. While the issue of MWD and the impact of reductions in Colorado entitlement on the SWP was not specifically addressed in LAFCO's Workshop Draft Report, the issue of planning for possible reductions in SWP entitlement was addressed on page 12: "As a planning device, SWP entitlements should be viewed cautiously since it seems unlikely that the SWP would ever be capable of meeting all of its assigned allocations. Most notably, SWP entitlements are affected by capacity restrictions caused by the degradation of the Sacramento Bay Delta, which serves as the lifeline for the conveyance of SWP water throughout California. In addition, entitlements are directly impacted by the preceding year's precipitation rate."

While the reductions in Colorado entitlement will have an impact for agencies that maintain entitlement to the Colorado and SWP, this does not represent an anomaly. American Canyon's entitlement to SWP water is no more threatened or endangered by the DOI's reductions than previously documented constraints: degradation of the Sacramento Bay Delta and precipitation rates from preceding years. SWP contractors are protected from variances in demand as a result of the Monterey Agreement. Established in 1994, the Monterey Agreement made substantial changes to SWP allocation process. Specifically, the Monterey Agreement ended the Department of Water Resources practice of applying initial reductions in SWP allocations to agricultural contractors during periods of water deficits in favor of applying equal reductions based on entitlements to all contractors. All contractors are now subject to an equal reduction in their entitlement following a determination by DWR that water demand outpaces supply. Therefore, an increase in demand by an agency affected by reductions in Colorado entitlement cannot affect SWP's allocation process. The agreement also provided contractors with additional tools to enhance their water supplies. Most notably, the Monterey Agreement allows agricultural contractors to transfer up to 130,000 acre-feet of entitlement to urban contractors on a willing buyer-willing seller basis. This component facilitated the 2000 water transfer agreement between NCFWCWCD and Kern County Water Agency (KCWA), providing American Canyon with an additional 500 acre feet in supplemental entitlement.

On February 27, 2003, the key entities in the ongoing *Planning and Conservation League* litigation over the Monterey Amendments issued the attached joint statement announcing a settlement (in principle). This litigation revolves around a challenge of the environmental impact report used to consider the Monterey Amendments. If this matter resolves itself as anticipated, the Monterey Amendments will be in effect in the relatively near future.

5. While some City staff members and representatives have stated an interest in annexation of the wastewater treatment plant, LAFCO has not received an application on which to comment about its relationship to this study. The wastewater treatment plant is not within the sphere of influence of the City.

6. The determination has been revised in this report.

7. Whether a municipal service review must be conducted for LAFCO to consider a proposal for a change of organization that includes a concurrent amendment of a sphere of influence depends on the interpretation of Government Code §56430(c), which states that the Commission shall conduct a service review prior to or in conjunction with a sphere of influence *update*. There is no definition of a sphere of influence update. G.C. §56425(h) distinguishes a sphere of influence amendment from an update, while §56427 distinguishes a sphere of influence amendment from a revision. Was it the intent of the legislature that there be varying degrees of changes to spheres of influence? If so, when is a proposal an amendment and when is it an update?